

"surplus" in the second line of the same, and inserting in lieu thereof the words "undivided profits."

SEC. 4. **Withdrawal of deposits.** That section one thousand eight hundred forty-eight (1848) of the code be and the same is hereby amended by inserting in line 14 before the word "deposits" the word "savings."

SEC. 5. **In effect.** This act, being deemed of immediate importance, shall take effect and be in force from and after its publication in the Iowa State Register and the Des Moines Leader, newspapers published at Des Moines, Iowa.

Approved April 3, 1900.

I hereby certify that the foregoing act was published in the Iowa State Register and the Des Moines Leader April 5, 1900.

G. L. DOBSON,
Secretary of State.

CHAPTER 68.

RECEIVING OF TIME DEPOSITS BY LOAN AND TRUST COMPANIES.

H. F. 260.

AN ACT to amend section eighteen hundred eighty-nine (1889) of the code, relating to the receiving of time deposits by loan and trust companies.

Be it enacted by the General Assembly of the State of Iowa:

SECTION 1. **Limitations.** That section eighteen hundred eighty-nine (1889) of the code is hereby amended by inserting, after the word "deposits" in the thirteenth line thereof, the following: "Subject to the same limitations as are now or may hereafter be prescribed for the receiving of deposits by state banks."

Approved April 6, 1900.

CHAPTER 69.

BUILDING AND LOAN ASSOCIATIONS.

S. F. 311.

AN ACT to amend chapter thirteen (13), title nine (9) of the code, and to repeal chapter forty-eight (48) acts of the 27th General Assembly, relating to building and loan associations, and defining certain offenses and providing penalties therefor.

Be it enacted by the General Assembly of the State of Iowa:

SECTION 1. **Forbidden stocks—rate of dividend.** That no building and loan or savings and loan associations shall issue guaranty stock, fully paid stock, or single payment stock, or any stock of any other kind or name which shall receive fixed dividends, or is not subject to all the liabilities of all other classes of stock of said associations, except that it shall be lawful for such associations to issue fully paid stock upon the payment by the holder thereof of the par value of such stock upon which the dividends to be declared shall not exceed the sum named in said certificate of stock, but in no event shall the dividend exceed eight per cent per annum nor the rate of dividend declared upon the other stock of said association, which said stock shall be subject to be called in and redeemed by the said association by giving the holder thirty days' notice thereof. But such stock shall not be entitled to vote at any stock holders meeting. Any association having heretofore issued stocks forbidden by this section must retire the same on or before January 1, 1901, and the same may be retired either by paying the amount due thereon in cash or by the issuing of stock permitted to be issued by the provisions of this section.

SEC. 2. **Expenditures and expenses—compensation of officers and agents.** All expenditures and expenses for management and conducting the affairs of said associations, not including membership fees and charges

for closing loans, shall be paid from the receipts of interest, premiums, and other sources of profit. Said associations may thus use for expenses in any one year a sum not in excess of the following percentages on their assets, as shown by the last annual report, to wit: Associations with assets not in excess of \$100,000, three per centum per annum; associations with assets in excess of \$100,000, but less than \$300,000, two and one-half per cent; associations in excess of \$300,000, and less than \$500,000, two and a quarter per cent, and associations with assets in excess of \$500,000, two per cent, but in no event shall the expenses of any association exceed \$12,000 in any one year. No officer, employe, or agent of any association shall receive directly or indirectly any salary or other compensation, except for services actually rendered; and any compensation hereafter paid in violation of this section may be recovered by any shareholder or borrower within three years from the receipt of such illegal compensation from the person accepting the same, or from any officer knowingly consenting to the allowance thereof, in a suit which may be brought in the name of the association, or in the name of such shareholder or borrower.

SEC. 3. Fines—terms of withdrawal. Any stockholder in arrears in payments may be fined in a sum not in excess of three cents per share of one hundred dollars each for the first month's delinquency and five cents per share of one hundred dollars each for each succeeding month's delinquency; but said penalty shall only be due and payable from the profits belonging to said delinquent. The terms of withdrawal of a member from such association shall be such that any withdrawing member shall receive a sum not less than he has paid into said association, unless losses have occurred to said association, during the time that said withdrawing member was a member, which exceed the amount of the profits, or any fund created with which to pay such losses, and in that case such withdrawing member shall be charged with his proportionate share of the excess of the losses over the profits, and no more.

SEC. 4. Loans—premium and interest. Such associations shall have power to loan money to their members at such rate as may be agreed upon, and may collect premiums and interest thereon, but in no case shall the amount of premium and interest paid exceed eight per cent per annum, but nothing here in shall be construed as prohibiting the payment of such interest and premium monthly, or at such time as may be provided for in the articles of incorporation.

SEC. 5. Withdrawal of non-borrowing members. The articles of incorporation of any building and loan or building and savings association may, by a three-fourths vote of the board of directors, provide that non-borrowing members shall withdraw their stock at book value in the order of its issue, beginning with the stock first issued, by giving the stockholders thereof thirty days' notice.

SEC. 6. Foreclosure of mortgage—costs. In case of foreclosure of any mortgage given by a shareholder of any such association, the mortgagor shall be charged with the rate of interest agreed upon, not however to exceed eight per cent per annum, and shall be entitled to be credited, as of any anniversary of said mortgage, with the total amount of all payments made on the stock to the said association during the preceding year, and such payment on the stock shall be treated as a payment upon the mortgage, anything in the articles of incorporation or the by laws of such association to the contrary notwithstanding. If such association shows affirmatively that losses have occurred during the period of the membership of such shareholder in excess of the amount of any fund accumulated from which to pay such losses, to such an extent that the value of the shares of stock have been impaired, then such associations shall be entitled to have entered as a part of the judgment of foreclosure the equitable contribution of said shareholder toward such losses. If, by the articles of incorporation, the with-

drawal value of the stock of such mortgagor is greater than the amount paid thereon, together with eight per cent interest then such withdrawal value shall be credited on the mortgages of the date to which such value is computed, in lieu of the credits of payment on stock as aforesaid, and judgment and decree shall be rendered for only the balance found due, provided, however, that on any mortgage executed between October 1, 1897, and the date of the taking effect of this act, the rate of interest may be computed at the rate therein named, but in no case at a greater rate than twelve per centum per annum on the net amount of the loan actually received by and paid to the borrower, and no evasion of this provision shall be had by means of any dues, premiums, membership fees, fines, forfeitures, or other charges, any agreement to the contrary notwithstanding. In any suit in which the recovery upon the mortgage shall be for a less amount than the amount demanded in the plaintiff's petition, all costs of suit, including attorney's fees, may in the discretion of the court be taxed to the plaintiff. Provided, further, that in case of foreclosure judgment and decree shall be entered for as much as would be due the association under the provisions of this act if suit had not been brought.

SEC. 7. **Voluntary liquidation.** Building and loan or savings and loan associations, by a vote of three-fourths of the shareholders of such associations, represented in person or by proxy, may go into voluntary liquidation upon such plan as shall be determined upon by the shareholders at their meeting. In case any such association resolves to go into voluntary liquidation, it shall have power, after crediting the mortgages given by the borrowing member with the full book value of the stock, to sell and assign such mortgage to a similar building and loan association, or to any other parties who will hold the same upon the terms under which such mortgage was given to the association. In that event the said mortgage shall be held to become due, if no other time can be agreed upon between the mortgagor and the association, within three years after the assignment thereof. In case the shareholders are unable to agree upon other plan and terms upon which the said association may wind up its affairs, the following plan shall be adopted. Interest shall be computed on the respective amounts paid in by the several shareholders from the date of such payments until the date that said association resolves to go into liquidation, and amount so found shall be the basis for distribution of the assets of the association. In the case of a borrowing member the amount thus found due him on stock, if there have been no losses so as to impair the capital, shall be credited on his mortgage and the balance of such mortgage shall be paid within one year together with interest at the rate therein agreed upon not to exceed 8 per cent, and upon the payments of the outstanding mortgages and the conversion of the assets into money the same shall be distributed *pro rata* among the stockholders according to the amount found due each as aforesaid. And any balance due the borrowing member, over and above the amount actually received as a credit on the mortgage, shall be paid to such members. In case, however, of an impairment of the capital by loss, the amount of such loss shall be estimated and apportioned to each member *pro rata* according to the amount found due such members in the manner aforesaid, and the borrowing members shall be entitled to receive a credit on their mortgages for the balance after the stock is charged with its *pro rata* share of the loss, and the balance due on such mortgages shall be paid within twelve months, and upon the final distribution any balance due such borrowing member shall be paid to him. But in the final distribution, before the final dividend is made, interest shall be allowed on the amount found due the non-borrowing member not to exceed 6 per cent so as to equalize between the borrowing member who has received a credit on his mortgage and the non-borrowing member. Any plan other than that herein specified shall be submitted to the executive council for approval before the same is adopted.

SEC. 8. Consolidation with other companies. Any building and loan or savings and loan association organized under the laws of this state shall have authority to consolidate its business and membership with one or more building and loan or savings and loan associations of the same class organized under the laws of this state and to transfer to such association or associations its entire assets subject to its existing liabilities, and upon the consolidation of such associations, if any one or more of said companies shall have heretofore issued guaranty stock, they may provide for the withdrawal and retirement of said guaranty stock, and the same may be withdrawn in accordance with the plan therein adopted. The plan of such consolidation, when approved by the board of directors of each of the associations, shall be reduced to writing and submitted to the executive council, and if they find that the plan is in conformity with the law, and equitable in all respects to the members of both associations, they shall attach thereto their certificate of approval. Such plan shall then be submitted to the members of both associations, either at the regular meetings or at special meetings called for that purpose, and, if approved by a vote of three-fourths of the shares of stock of each association, the same shall then be filed in the office of the auditor of state, who shall issue a certificate authorizing the consolidation. At such meetings the members may vote in person or by proxy or by written ballot mailed or otherwise delivered to the secretary at or before the time of meeting.

SEC. 9. Consolidation when in hands of receiver. In any case where a receiver has been appointed for any such association, its membership and business may in like manner be consolidated with, and its assets transferred to, another such association of the same class, but in such case the receiver shall act in place of the board of directors, and the plan must also be approved by the court by which the receiver was appointed.

SEC. 10. Articles amended—maximum rate—appointment of receiver. The provisions of this act shall apply to all building and loan and savings and loan associations hereafter incorporated as well as those now incorporated under the laws of this state or doing business herein, and all such associations shall amend their articles of incorporation so as to conform to the provisions of this act. No such associations shall be authorized or empowered to collect or receive premiums and interest from a borrower at a greater rate than eight per cent, and in case of an amendment to the articles of incorporation so that a lower rate of interest or charge for the use of money loaned to the borrowing member is authorized than the rate of interest charged upon loans, to members who have theretofore borrowed, shall in like manner be reduced to the same rate as that permitted to borrowers after such amendments to the articles of incorporation, so that the interest charged under whatever name, whether charged as premium or interest to all members of the same association, shall be the same, all reductions of the rate of interest or premium charged to new borrowers shall be made and apply equally to those who have theretofore borrowed. In case any such association doing business in the state shall fail to amend its articles of incorporation in conformity herewith prior to July 15th, 1900, its authority to do business in this state shall be revoked by the executive council, and under the direction of the executive council application by the attorney-general shall be made to the proper court for the appointment of a receiver to wind up the affairs of the association, and in such proceedings the amount due from the borrowing member on mortgages shall be ascertained in the manner provided in section 7 of this act, and the balance due on such mortgages shall be treated and considered as due within a reasonable time to be fixed by the court after the appointment of a receiver.

SEC. 11. Revocation of certificates. The executive council shall have the power, and it shall be its duty, to revoke any certificate of authority

given to any building and loan or savings and loan association whenever it appears to said council that said association is transacting business illegally, or is unjust and oppressive to its members or the public.

SEC. 12. Repealed. Chapter forty-eight (48) of the acts of the Twenty-Seventh General Assembly, and all acts and parts of acts in conflict with this act, are hereby repealed.

SEC. 13. Detailed statement published. The auditor of state shall publish, in his report of building and loan and savings and loan associations, a detailed statement of the salaries and compensation paid, and to whom, giving the names of the officers and agents respectively receiving such salaries.

SEC. 14. Foreign companies. No building and loan or savings and loan association, incorporated under the laws of any other state or country, shall be authorized to do business in this state, whose articles of incorporation are not found by the executive council to be in substantial compliance with the laws of this state, and affording equal security and protection to the members thereof.

SEC. 15. Penalty. It shall be unlawful for any agent, solicitor, or other person to sell stock or solicit persons to subscribe for stock in any such association named in section 14 hereof, which has not been authorized to do business in this state, and any person convicted of so doing shall be punished by a fine of not less than fifty nor more than two hundred dollars, and shall be committed to the county jail until the fine and costs are paid.

SEC. 16. Loans, contracts and mortgages legalized. All loans, contracts, and mortgages which are affected by the repeal of said chapter forty-eight (48), acts of the Twenty-Seventh General Assembly, are hereby legalized so far as to permit recovery to be had thereon for interest at the rate of eight (8) per cent per annum, but at no greater rate, and nothing contained in such contracts shall be construed to be usurious so as to work a forfeiture of any penalty to the school fund.

SEC. 17. In effect. This act, being deemed of immediate importance, shall take effect from and after its publication in the Iowa State Register and Des Moines Leader, newspapers published in Des Moines, Iowa.

Approved May 1, 1900.

I hereby certify that the foregoing act was published in the Iowa State Register and Des Moines Leader May 3, 1900.

G. L. DOBSON,
Secretary of State.

CHAPTER 70.

CONDEMNATION OF ADDITIONAL GROUND FOR RAILWAY PURPOSES.

S. F. 274.

AN ACT to amend section nineteen hundred and ninety-eight (1998) of the code, relating to condemnation of additional ground for railway purposes.

Be it enacted by the General Assembly of the State of Iowa:

SECTION 1. Additional grounds for yards, etc. That section nineteen hundred and ninety-eight (1998) of the code be amended by inserting in the third line thereof after the word "grounds" the following words: "Or yards, for additional or new right of way for constructing double track, reducing or straightening curves, changing grades, shortening or re-locating portions of the line, for excavations, embankments, or places for depositing waste earth." And by striking out after the word "for" in the ninth line the words, "the reasonable transaction of the business," and insert in lieu thereof the words, "such purposes."

SEC. 2. In effect. This act, being deemed of immediate importance, shall take effect and be in force from and after its publication in the Iowa